

BUY

TP: Rs 1,279 | ▲ 20%

STATE BANK OF INDIA

| Banking

| 08 February 2026

## Steady return profile with improvement in asset quality

- PAT beats estimate, mainly driven by pick-up in loan growth and one-off special dividend, Management guided RoA of 1% through the cycles
- Credit growth above system levels with guidance raised to 13-15% in FY26 from 12-14% guided earlier; asset quality metrics improved
- We maintain BUY on healthy growth and steady return profile, and revise TP to Rs 1,279 (Rs 1,156 earlier), set at 1.5x Dec'27E ABV

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**PAT beats estimate, mainly on loan growth and one-off special dividend:** SBIN reported PAT of Rs 210bn (+24.5% YoY) and was 23% higher than our estimates. This was mainly due to a pick-up in gross loans to 15.1% YoY and a special dividend of Rs 22bn from SBI Mutual Fund. Further, the bank witnessed a marginal rise in NIMs to 2.99% (+2bps QoQ) vs our estimate of a decline by 2bps QoQ. NIMs were supported by a decline in CoD to 5.07% (-6bps QoQ), on account of SBIN's focus on improving the daily average balance in CASA accounts (domestic CASA at 39.1%). Further, C/I ratio improved to 50%, after adjusting for special dividend in Q3FY26 from 55% in Q3FY25. SBIN continues to report healthy return ratios (RoA/RoE of 1.16%/20.68% in 9MFY26). Management guided for NIMs of ~3% in Q4FY26, and through FY27E and FY28E, with RoA of 1% through the cycles.

**Credit growth above system with guidance raised:** Gross advances grew by 15.1% YoY and were above the system growth. Loan growth was led by RAM segment (+16.5% YoY), along with a pickup in corporate (+13.4% YoY vs mid-to-high single digit in the last 3 quarters). Loan growth resulted in an increase in the CD ratio to 81.2% (+317bps QoQ). Further, corporate credit pipeline remains robust at Rs ~7.9trn, of which Rs 4.4trn is sanctioned and pending disbursement. Also, SBIN increased loan growth guidance to 13-15% in FY26 from the earlier 12-14% .

**Asset quality improvement:** Asset quality improved with GNPA ratio at 1.57% (-16bps QoQ) and NNPA at 0.42% (-3bps QoQ). SBIN witnessed improvement in slippages to Rs 48.6bn vs Rs 50bn (Q2FY26) or slippage ratio of 0.54% (-6bps QoQ). The AUCA recoveries increased to Rs 26bn (Q3FY26) vs Rs 24.8bn (Q2FY26). Also, non-NPA provision of Rs 306.4bn (~170% of NNPA) provides a cushion against any sudden rise in stress.

**Maintain BUY:** Healthy business growth, despite SBIN's size, along with steady return profile and improving asset quality — augurs well. We expect the bank to deliver ROA/ROE of 1.16%/15.8% by FY28E. Given SBIN's healthy performance, we revise our TP to Rs 1,279 (from Rs 1,156) and roll over valuation to 1.5x Dec'27E ABV (1.4x earlier).

## Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	SBIN IN/Rs 1,066
Market cap	US\$ 108.6bn
Free float	42%
3M ADV	US\$ 99.9mn
52wk high/low	Rs 1,090/Rs 680
Promoter/FPI/DII	56%/10%/27%

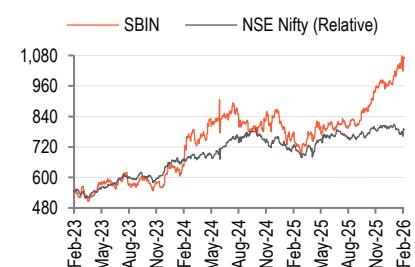
Source: NSE | Price as of 6 Feb 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	16,69,651	17,91,806	21,00,465
NII growth (%)	4.4	7.3	17.2
Adj. net profit (Rs mn)	7,09,006	8,07,290	8,96,106
EPS (Rs)	79.4	88.9	97.1
Consensus EPS (Rs)	79.4	81.9	89.8
P/E (x)	13.4	12.0	11.0
P/BV (x)	2.2	1.8	1.6
ROA (%)	1.1	1.1	1.1
ROE (%)	17.3	16.4	15.4

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
<b>Income Statement</b>							
Interest Income	8,33,995	8,57,097	8,54,379	8,61,826	8,90,140	6.73	3.29
Income on investments	2,92,863	2,94,562	2,77,492	2,82,787	2,84,275	(2.93)	0.53
Int. on bal. with RBI & inter-bank funds & Others	47,409	45,003	48,088	51,926	51,147	7.88	(1.50)
Interest income	11,74,266	11,96,662	11,79,959	11,96,539	12,25,561	4.37	2.43
Interest expense	7,59,811	7,68,916	7,69,234	7,66,699	7,73,658	1.82	0.91
<b>Net interest income</b>	<b>4,14,455</b>	<b>4,27,746</b>	<b>4,10,725</b>	<b>4,29,841</b>	<b>4,51,904</b>	<b>9.04</b>	<b>5.13</b>
Growth YoY (%)	4.1	2.7	(0.1)	3.3	9.0		
<b>Non-interest income</b>	<b>1,10,408</b>	<b>2,42,099</b>	<b>1,73,457</b>	<b>1,53,255</b>	<b>1,83,585</b>	<b>66.3</b>	<b>19.8</b>
Growth YoY (%)	(3.6)	39.4	55.4	0.4	66.3		
<b>Total income</b>	<b>5,24,863</b>	<b>6,69,845</b>	<b>5,84,182</b>	<b>5,83,096</b>	<b>6,35,489</b>	<b>21.1</b>	<b>9.0</b>
Growth YoY (%)	2.4	13.5	11.7	2.5	21.1		
Staff expenses	1,60,737	1,80,052	1,68,995	1,66,060	1,60,031	(0.4)	(3.6)
Other operating expenses	1,28,617	1,76,933	1,09,742	1,43,927	1,46,834	14.2	2.0
<b>Operating expenses</b>	<b>2,89,355</b>	<b>3,56,985</b>	<b>2,78,737</b>	<b>3,09,987</b>	<b>3,06,865</b>	<b>6.1</b>	<b>(1.0)</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>2,35,508</b>	<b>3,12,860</b>	<b>3,05,445</b>	<b>2,73,109</b>	<b>3,28,624</b>	<b>39.5</b>	<b>20.3</b>
Growth YoY (%)	15.8	8.8	15.5	(6.8)	39.5		
<b>Provisions</b>	<b>9,111</b>	<b>64,417</b>	<b>47,592</b>	<b>54,001</b>	<b>45,069</b>	<b>394.7</b>	<b>(16.5)</b>
Growth YoY (%)	32.5	300.2	38.0	19.9	394.7		
Exceptional Item	-	-	-	45,932	-	-	-
<b>PBT</b>	<b>2,26,398</b>	<b>2,48,444</b>	<b>2,57,853</b>	<b>2,19,108</b>	<b>2,83,555</b>	<b>25.2</b>	<b>29.4</b>
Tax	57,483	62,018	66,248	63,444	73,273	27.5	15.5
<b>PAT</b>	<b>1,68,914</b>	<b>1,86,426</b>	<b>1,91,604</b>	<b>2,01,597</b>	<b>2,10,282</b>	<b>24.5</b>	<b>4.3</b>
Growth YoY (%)	(27.7)	(9.9)	12.5	10.0	24.5		
<b>Per Share</b>							
FV (Rs)	1.0	1.0	1.0	1.0	1.0	-	-
EPS (Rs)	19	21	21	22	23	20.3	3.5
Book Value (Rs)	488	494	527	561	585	19.9	4.2

Source: Company, BOBCAPS Research

**Fig 2 – Quarterly snapshot: Key balance sheet & other metrics**

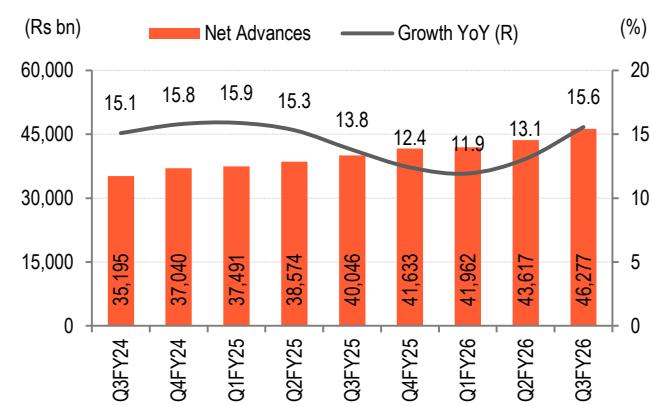
(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
<b>Deposits</b>	<b>5,22,93,845</b>	<b>5,38,21,895</b>	<b>5,47,32,537</b>	<b>5,59,17,000</b>	<b>5,70,13,089</b>	<b>9.0</b>	<b>2.0</b>
Growth YoY (%)	9.8	9.5	11.7	9.3	9.0		
<b>Advances</b>	<b>4,00,45,669</b>	<b>4,16,33,121</b>	<b>4,19,62,051</b>	<b>4,36,17,370</b>	<b>4,62,77,341</b>	<b>15.6</b>	<b>6.1</b>
Growth YoY (%)	13.8	12.4	11.9	13.1	15.6		
Investment	1,80,86,289	1,69,05,728	1,68,34,939	1,72,80,800	1,73,37,790	(4.1)	0.3
Equity	43,54,064	44,11,621	47,01,949	51,80,590	54,00,202	24.0	4.2
Assets	6,62,06,744	6,67,60,533	6,76,85,048	6,98,74,680	7,16,19,748	8.2	2.5
Growth YoY (%)	11.0	8.0	9.3	10.2	8.2		
<b>Yield (%)</b>							
Yield on Funds	7.8	7.8	7.6	7.5	7.5	(36bps)	(5bps)
Cost of Funds	5.2	5.2	5.1	5.0	4.9	(29bps)	(9bps)
Spread	2.6	2.6	2.4	2.5	2.5	(7bps)	3bps
<b>Net Interest Margin (calc.)</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>(13bps)</b>	<b>2bps</b>
<b>Ratios (%)</b>							
Other Income / Net Income	21.0	36.1	29.7	26.3	28.9	785bps	261bps
Cost to Income ratio	55.1	53.3	47.7	53.2	48.3	(684bps)	(487bps)
CASA ratio	37.6	38.4	37.8	38.0	37.5	(5bps)	(46bps)
C/D ratio	76.6	77.4	76.7	78.0	81.2	459bps	317bps
Investment to Assets	27.3	25.3	24.9	24.7	24.2	(311bps)	(52bps)
<b>Asset Quality</b>							
GNPA	8,43,604	7,68,800	7,80,397	7,62,430	7,36,368	(12.7)	(3.4)
NNPA	2,13,776	1,96,670	1,99,084	1,84,599	1,80,121	(15.7)	(2.4)
Provision	6,29,827	5,72,130	5,81,313	5,77,831	5,56,247	(11.7)	(3.7)
GNPA (%)	2.1	1.8	1.8	1.7	1.6	(50bps)	(16bps)
NNPA (%)	0.5	0.5	0.5	0.4	0.4	(14bps)	(3bps)
PCR (%)	74.7	74.4	74.5	75.8	75.5	88bps	(25bps)

Source: Company, BOBCAPS Research

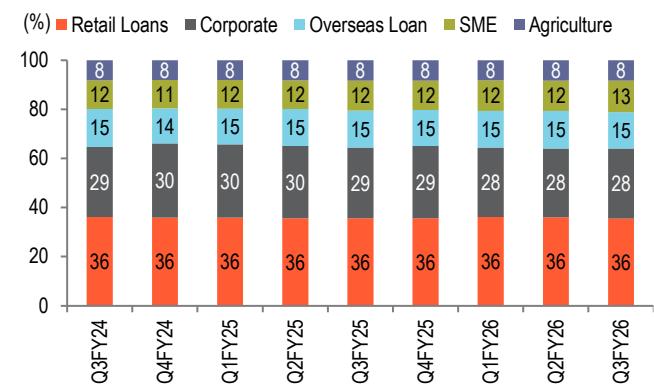
**Fig 3 – Actual vs. Estimates**

Key Parameters (Rs bn)	Q3FY26A	Q3FY26E	Actual vs. Estimates (%)
Loan	46,277	45,061	2.7
Deposits	57,013	57,525	(0.9)
Assets	71,620	71,594	0.0
NII	452	439	2.9
PPOP	329	266	23.8
Provision	45	37	23.2
PAT	210	171	23.1

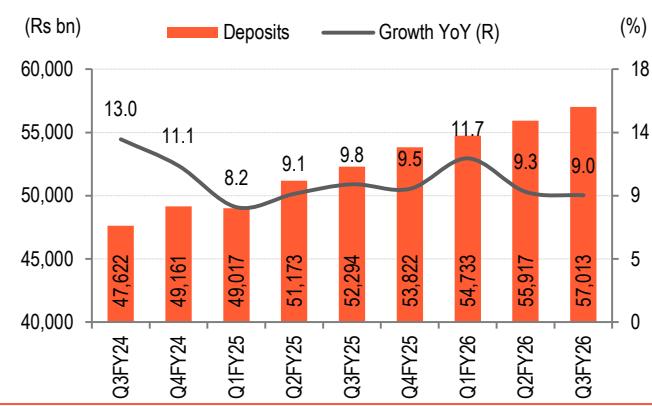
Source: Company, BOBCAPS Research

**Fig 4 – Loan growth above system levels**

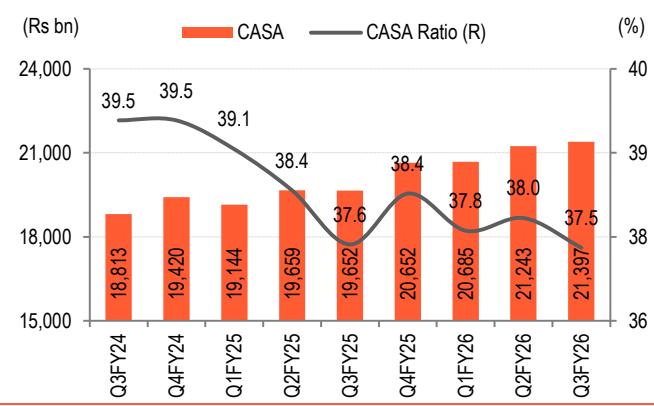
Source: Company, BOBCAPS Research

**Fig 5 – RAM accounted for 56.7% of total loans**

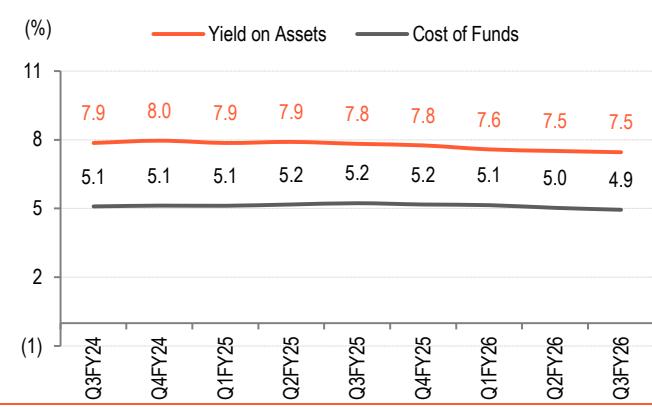
Source: Company, BOBCAPS Research

**Fig 6 – Deposits growth lagged advances growth**

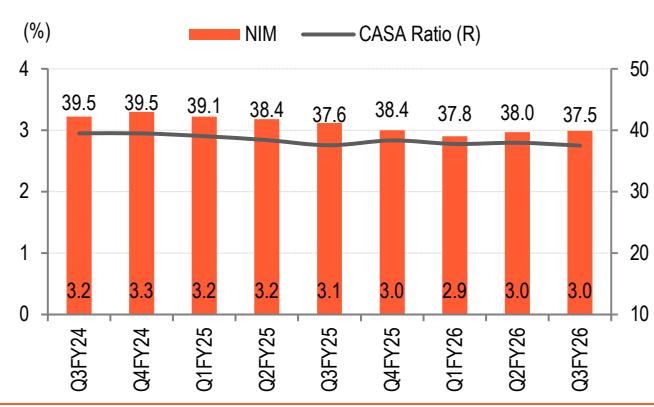
Source: Company, BOBCAPS Research

**Fig 7 – CASA ratio declines to 37.5%**

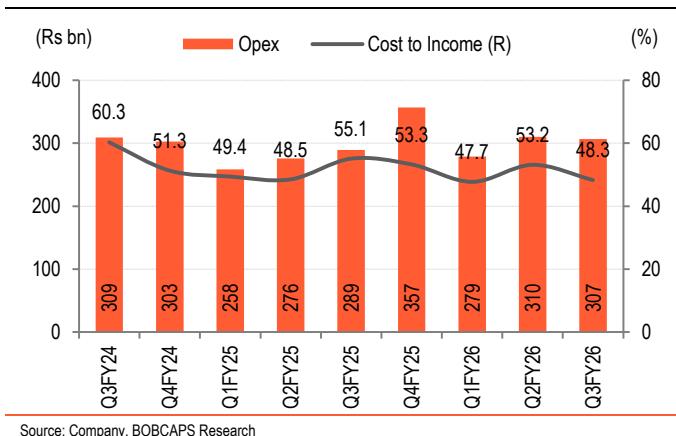
Source: Company, BOBCAPS Research

**Fig 8 – COF declines with RBI's rate cut cycle**

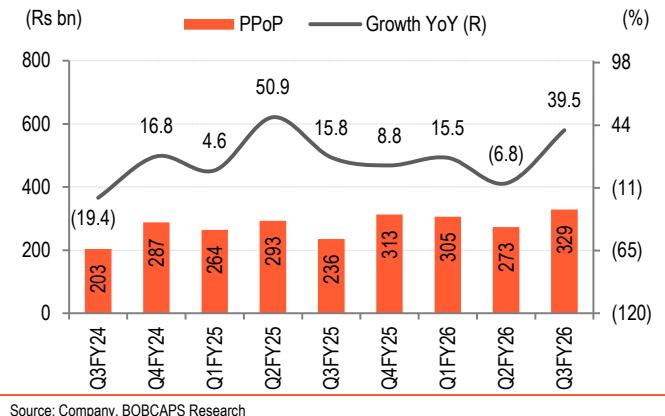
Source: Company, BOBCAPS Research

**Fig 9 – NIMs expected to be ~3% across cycles**

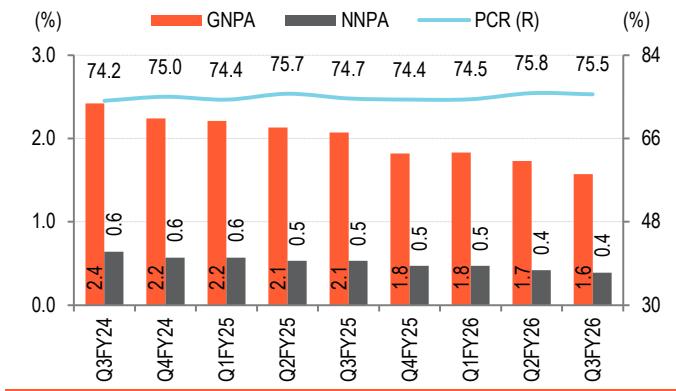
Source: Company, BOBCAPS Research

**Fig 10 – CI ratio improves QoQ**

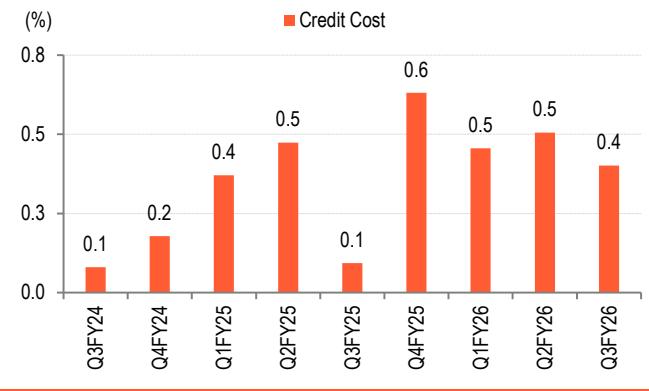
Source: Company, BOBCAPS Research

**Fig 11 – PPoP increased on lower opex and higher one-time dividend income**

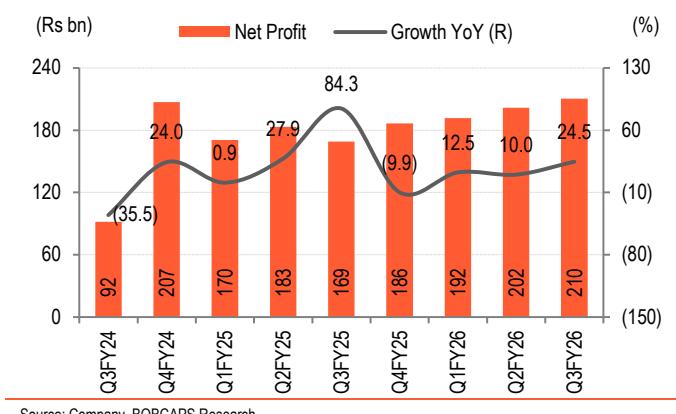
Source: Company, BOBCAPS Research

**Fig 12 – Asset quality improved**

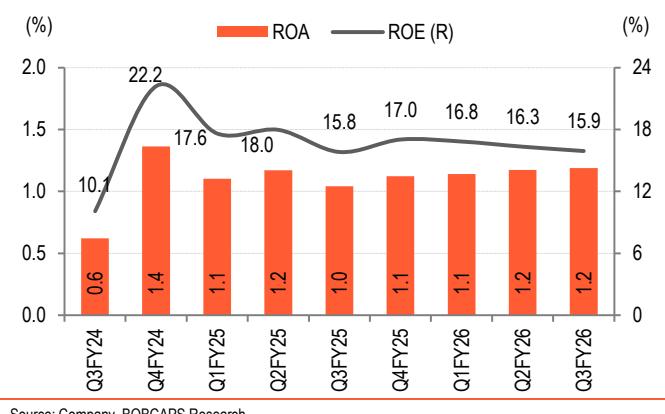
Source: Company, BOBCAPS Research

**Fig 13 – CC improves on sequential basis**

Source: Company, BOBCAPS Research

**Fig 14 – PAT up, mainly aided by higher loan growth and one-off dividend gains**

Source: Company, BOBCAPS Research

**Fig 15 – Return ratios remain healthy**

Source: Company, BOBCAPS Research

**Fig 16 – Loan book trend**

(Rs bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Retail Loans	14,473	15,065	15,399	15,934	16,638	15.0	4.4
-Home Loans	7,928	8,308	8,509	8,804	9,090	14.6	3.2
-Auto Loans	1,245	1,271	1,271	1,287	1,370	10.1	6.5
-Xpress Credit	3,449	3,501	3,468	3,524	3,654	5.9	3.7
-Personal Gold Loans	437	500	635	726	859	96.4	18.4
-Other Retail Loans	1,414	1,485	1,517	1,593	1,665	17.7	4.5
Agriculture	3,364	3,485	3,483	3,681	3,921	16.6	6.5
SME	4,964	5,060	5,281	5,422	6,007	21.0	10.8
Corporate	11,763	12,406	12,034	12,393	13,336	13.4	7.6
<b>Domestic Advances</b>	<b>34,564</b>	<b>36,016</b>	<b>36,197</b>	<b>37,430</b>	<b>39,902</b>	<b>15.44</b>	<b>6.6</b>
Overseas Loans	6,113	6,191	6,348	6,766	6,933	13.4	2.5
<b>Gross Loans</b>	<b>40,678</b>	<b>42,207</b>	<b>42,545</b>	<b>44,197</b>	<b>46,835</b>	<b>15.1</b>	<b>6.0</b>

Source: Company, BOBCAPS Research

**Fig 17 – Loan book distribution**

(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY	QoQ
Retail Loans	35.6	35.7	36.2	36.1	35.5	(6bps)	(53bps)
-Home Loans	19.5	19.7	20.0	19.9	19.4	(8bps)	(51bps)
-Auto Loans	3.1	3.0	3.0	2.9	2.9	(13bps)	1bps
-Xpress Credit	8.5	8.3	8.2	8.0	7.8	(68bps)	(17bps)
-Personal Gold Loans	1.1	1.2	1.5	1.6	1.8	76bps	19bps
-Other Retail Loans	3.5	3.5	3.6	3.6	3.6	8bps	(5bps)
Agriculture	8.3	8.3	8.2	8.3	8.4	10bps	4bps
SME	12.2	12.0	12.4	12.3	12.8	62bps	56bps
Corporate	28.9	29.4	28.3	28.0	28.5	(44bps)	43bps
<b>Domestic Advances</b>	<b>85.0</b>	<b>85.3</b>	<b>85.1</b>	<b>84.7</b>	<b>85.2</b>	<b>23bps</b>	<b>51bps</b>
Overseas Loans	15.0	14.7	14.9	15.3	14.8	(23bps)	(51bps)
<b>Gross Loans</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0bps</b>	<b>0bps</b>

Source: Company, BOBCAPS Research

**Fig 18 – Deposit trend**

(Rs bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Current Deposits	2,850	3,646	3,217	3,282	3,144	10.3	(4.2)
Saving Deposits	16,802	17,006	17,468	17,960	18,253	8.6	1.6
<b>CASA Deposits</b>	<b>19,652</b>	<b>20,652</b>	<b>20,685</b>	<b>21,243</b>	<b>21,397</b>	<b>8.9</b>	<b>0.7</b>
Term Deposits	32,641	33,170	34,047	34,674	35,616	9.1	2.7
Domestic Deposits	50,139	51,669	52,549	53,606	54,679	9.1	2.0
Overseas Deposits	2,155	2,153	2,184	2,311	2,335	8.3	1.0
<b>Total Deposits</b>	<b>52,294</b>	<b>53,822</b>	<b>54,733</b>	<b>55,917</b>	<b>57,013</b>	<b>9.0</b>	<b>2.0</b>

Source: Company, BOBCAPS Research

**Fig 19 – Deposit distribution**

(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Current Deposits	5.5	6.8	5.9	5.9	5.5	6bps	(35bps)
Saving Deposits	32.1	31.6	31.9	32.1	32.0	(12bps)	(10bps)
<b>CASA Deposits</b>	<b>37.6</b>	<b>38.4</b>	<b>37.8</b>	<b>38.0</b>	<b>37.5</b>	<b>(5bps)</b>	<b>(46bps)</b>
Term Deposits	62.4	61.6	62.2	62.0	62.5	5bps	46bps
Domestic Deposits	95.9	96.0	96.0	95.9	95.9	3bps	4bps
Overseas Deposits	4.1	4.0	4.0	4.1	4.1	(3bps)	(4bps)
<b>Total Deposits</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0bps</b>	<b>0bps</b>

Source: Company, BOBCAPS Research

## Earnings Call Highlights

### Guidance

- **Credit growth** guidance was revised upwards to **13–15% YoY** for Q4FY26 (vs 12–14% earlier). **Corporate loans** to **sustain double-digit growth** through FY26.
- **NIM**: Exit **~3%** for **Q4FY26**; long-term target of **~3%** across cycles maintained.
- **ROA**: Target to sustain **~1%** **through economic cycles**.
- **Cost-to-income**: Cost-to-income **targeted at <50%** over the medium term.
- **CVE in fee income**: Cross-sell income target of **USD 1bn** over the medium term.
- **Asset quality**: **AUCA recoveries** guided at **6–8%**.

### Asset quality

- SBI's asset quality improved with key ratios at more than two-decade lows, driven by disciplined credit underwriting, strong monitoring, and technology-led risk management.
- GNPA improved 16bps QoQ to 1.57%, while NNPA declined 3bps QoQ to 0.39%.
- PCR stood at 75.5% (+88 bps YoY) and a robust 92.4%, including AUCA.
- Slippages were well-contained at 0.54% in Q3FY26 vs 0.6% in Q2FY26.
- Credit cost remained benign at 0.39%, supporting record profitability.
- Corporate segment is reported to have no major asset quality issues, with GNPA at 0.99% (vs 2.03% YoY).
- The bank maintains a substantial non-NPA provisions buffer of Rs 306bn to absorb any stress any untoward incidents, emphasising that this is a proactive balance sheet management strategy vs preparation for Expected Credit Loss (ECL) norms.

### Loans and deposits

- Retail book grew 15% YoY and Corporate book 13.4% YoY. Retail loan growth was aided by personal gold loans (+96% YoY, +18% QoQ) and home loans (+14.6% YoY and +3.2% QoQ). Growth in the gross loan book was 15% YoY and 3.9% QoQ.
- Management is actively transitioning from a traditional "corporate lending" to comprehensive "corporate banking" approach.
- Corporate loan pipeline stands at Rs 7,860bn, comprising sanctioned but undisbursed loans of ~Rs 4,400bn.
- Management intends to leverage RBI guidelines regarding REITs and M&A funding (draft guidelines as of now), to further expand the corporate book with improved margins.

- The bank maintains a high-quality corporate asset book, with 44% of corporate exposure rated AAA. PSUs/Government departments account for ~39% of the corporate portfolio, as of Dec'25.
- Deposits grew 9% YoY, led by term deposits (+9% YoY and +3% QoQ). SA rose 9%, while CA grew 10% YoY.
- Share of domestic CASA ratio was 39.1% as of Dec'25 vs 39.2% as of Dec'24.
- Management is leveraging technology and process efficiencies to sustain the deposit base, with ~68% of new savings accounts acquired digitally via YONO in Q3FY26.
- Credit deposit ratio was 81.2% as of Dec'25 vs 76.6% as of Dec'24.

### Profitability

- PAT surged to a record Rs 210.3 bn, up 24% YoY, marking SBI's highest-ever quarterly profit. Returns (9MFY26): ROA at 1.16% and ROE at 20.7%.
- Operating profit stood at Rs 328.6 bn, registering a strong 40% YoY growth.
- Labour code impact is negligible, with an impact of Rs 160mn pertaining to gratuity for contractual employees for a 1Y service. This reflects SBI's broad alignment with the new framework.
- NII rose 9.0% YoY to Rs 451.9 bn, driven by a healthy loan growth and disciplined funding costs.
- Domestic NIM at 3.12% (+3 bps QoQ); whole bank NIM at 2.99% (+2 bps QoQ).
- NIMs improved, driven by broad-based credit growth, a higher share of high-yield retail products (Xpress Credit and Gold Loans), and disciplined pricing in corporate loans.
- The strategy to scale YONO to 20 crore users and deploy 10,000 Seva Sarathis is expected to support long-term ROA sustainability, by lowering the cost to serve and migrating routine transactions to digital channels.

### Other information

- SBIN received a special dividend of ~Rs 22bn from SBI Mutual Fund in Q3FY26.

## Valuation Methodology

We expect SBIN to deliver healthy credit growth, coupled with strong liability franchise. The bank has demonstrated stable performance with healthy credit and deposit growth through business cycles. We expect the bank to deliver ROA/ROE of 1.16%/15.8% by FY28E. Given SBIN's healthy performance, we revise our TP to Rs 1,279 (from Rs 1,156) and roll over valuation to 1.5x Dec'27E ABV (1.4x earlier).

**Fig 20 – Key operational assumptions**

Parameter (%)	FY25A	FY26E	FY27E	FY28E
Advances Growth	12.4	14.5	14.0	14.2
Net Interest Income Growth	4.4	7.3	17.2	15.0
PPoP Growth	27.5	11.5	14.5	17.0
PAT Growth	16.1	13.9	11.0	16.5
NIM	3.1	3.0	3.1	3.2
GNPA	1.8	1.5	1.4	1.5
CAR	14.3	15.2	15.5	15.6

Source: Company, BOBCAPS Research

**Fig 21 – Revised estimates**

Key Parameters (Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Loan	4,76,69,924	5,43,43,713	6,20,60,520	4,70,45,427	5,33,96,559	6,08,72,078	1.3	1.8	2.0
Deposits	5,89,40,358	6,57,18,499	7,40,64,748	5,92,04,085	6,54,20,514	7,32,70,975	(0.4)	0.5	1.1
Assets	7,45,21,024	8,41,86,918	9,57,42,703	7,44,14,989	8,31,45,579	9,42,40,337	0.1	1.3	1.6
NII	17,91,806	21,00,465	24,16,407	17,60,845	20,37,923	23,44,580	1.8	3.1	3.1
PPOP	12,32,886	14,11,717	16,51,199	11,64,261	13,53,941	15,59,929	5.9	4.3	5.9
Provision	1,90,827	2,04,027	2,44,449	1,81,791	2,00,884	2,39,964	5.0	1.6	1.9
PAT	8,07,290	8,96,106	10,43,809	7,63,075	8,55,568	9,79,414	5.8	4.7	6.6
ABV (Rs)	572	648	737	549	623	705	4.0	4.1	4.5

Source: Company, BOBCAPS Research

**Fig 22 – SOTP valuation summary**

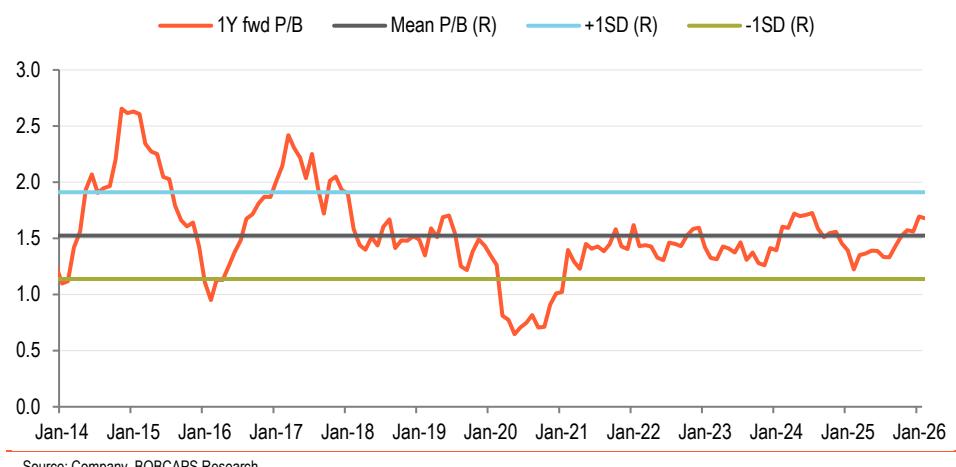
Business	Valuation method	Holdings (%)	Value (Rs/sh)
Bank	1.5x Dec'27 ABV	100	1,015
SBI Life	Market cap	55	125
SBI AMC	9% of AUM	62	75
SBI General	25x FY27e EPS	74	13
SBI Card	Market cap	69	61
SBI Capital	15x FY27e EPS	100	28
Yes Bank	Market cap	11	8
Holding Company Discount	15%		(47)
<b>Total</b>			<b>1,279</b>

Source: Company, BOBCAPS Research

**Fig 23 – Valuation assumptions**

Gordon Growth Model	(%)
Return on Equity (RoE)	13.5
Cost of Equity (Ke)	11.4
Growth (Period 1)	10.8
Growth (Long Term)	2.7
Initial High Growth Period (years)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	80.0
Factor 1	1.9
Factor 2	8.8
Justified P/BV (x)	1.5

Source: BOBCAPS Research

**Fig 24 – PB band chart**

Source: Company, BOBCAPS Research

## Key Risks

Key downside risks to our estimates:

- Any sudden rise in delinquency in the retail and SME segments, resulting in higher provision requirements.
- Inability to manage CoF, which may drag NIM as well as the overall profitability.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	<b>15,98,758</b>	<b>16,69,651</b>	<b>17,91,806</b>	<b>21,00,465</b>	<b>24,16,407</b>
NII growth (%)	10.4	4.4	7.3	17.2	15.0
Non-interest income	5,16,822	6,16,831	6,81,684	7,06,250	7,91,690
Total income	21,15,580	22,86,482	24,73,490	28,06,715	32,08,097
Operating expenses	12,48,608	11,80,690	12,40,603	13,94,998	15,56,898
PPOP	8,66,972	11,05,792	12,32,886	14,11,717	16,51,199
PPOP growth (%)	3.6	27.5	11.5	14.5	17.0
Provisions	49,142	1,53,079	1,90,827	2,04,027	2,44,449
PBT	8,17,830	9,52,713	10,87,992	12,07,690	14,06,750
Tax	2,07,063	2,43,706	2,80,702	3,11,584	3,62,942
<b>Reported net profit</b>	<b>6,10,766</b>	<b>7,09,006</b>	<b>8,07,290</b>	<b>8,96,106</b>	<b>10,43,809</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>6,10,766</b>	<b>7,09,006</b>	<b>8,07,290</b>	<b>8,96,106</b>	<b>10,43,809</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	8,925	8,925	9,231	9,231	9,231
Reserves & surplus	37,63,541	44,02,697	54,41,394	61,67,240	70,12,725
Net worth	37,72,465	44,11,621	54,50,624	61,76,470	70,21,955
Deposits	4,91,60,768	5,38,21,895	5,89,40,358	6,57,18,499	7,40,64,748
Borrowings	59,75,609	56,35,725	63,68,370	74,50,992	87,92,171
Other liab. & provisions	28,88,097	28,91,291	37,61,672	48,40,957	58,63,829
<b>Total liab. &amp; equities</b>	<b>6,17,96,939</b>	<b>6,67,60,533</b>	<b>7,45,21,024</b>	<b>8,41,86,918</b>	<b>9,57,42,703</b>
Cash & bank balance	31,08,020	34,02,297	35,28,673	42,82,032	48,01,555
Investments	1,67,13,397	1,69,05,727	1,80,91,120	1,95,25,429	2,19,99,724
Advances	3,70,39,709	4,16,33,121	4,76,69,924	5,43,43,713	6,20,60,520
Fixed & Other assets	49,35,814	48,19,387	52,31,307	60,35,744	68,80,905
<b>Total assets</b>	<b>6,17,96,939</b>	<b>6,67,60,533</b>	<b>7,45,21,024</b>	<b>8,41,86,918</b>	<b>9,57,42,703</b>
Deposit growth (%)	11.1	9.5	9.5	11.5	12.7
Advances growth (%)	15.8	12.4	14.5	14.0	14.2

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	68.4	79.4	88.9	97.1	113.1
Dividend per share	13.7	15.9	16.6	18.4	21.5
Book value per share	422.7	494.3	590.5	669.1	760.7

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	15.6	13.4	12.0	11.0	9.4
P/BV	2.5	2.2	1.8	1.6	1.4
Dividend yield (%)	1.3	1.5	1.6	1.7	2.0

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	2.7	2.6	2.5	2.6	2.7
Non-interest income	0.9	1.0	1.0	0.9	0.9
Operating expenses	2.1	1.8	1.8	1.8	1.7
Pre-provisioning profit	1.5	1.7	1.7	1.8	1.8
Provisions	0.1	0.2	0.3	0.3	0.3
PBT	1.4	1.5	1.5	1.5	1.6
Tax	0.4	0.4	0.4	0.4	0.4
ROA	1.0	1.1	1.1	1.1	1.2
Leverage (x)	16.6	15.7	14.3	13.6	13.6
ROE	17.3	17.3	16.4	15.4	15.8

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Net interest income	10.4	4.4	7.3	17.2	15.0
Pre-provisioning profit	3.6	27.5	11.5	14.5	17.0
EPS	21.6	16.1	11.9	9.2	16.5
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	3.3	3.1	3.0	3.1	3.2
Fees / Avg. assets	0.1	0.1	0.1	0.1	0.1
Cost-Income	59.0	51.6	50.2	49.7	48.5
ROE	17.3	17.3	16.4	15.4	15.8
ROA	1.0	1.1	1.1	1.1	1.2
<b>Asset quality (%)</b>					
GNPA	2.2	1.8	1.5	1.4	1.5
NNPA	0.6	0.5	0.4	0.4	0.4
Slippage ratio	0.6	0.6	0.6	0.8	0.8
Credit cost	0.1	0.4	0.4	0.4	0.4
Provision coverage	74.5	73.9	75.1	75.3	75.6
<b>Ratios (%)</b>					
Credit-Deposit	75.3	77.4	80.9	82.7	83.8
Investment-Deposit	34.0	31.4	30.7	29.7	29.7
CAR	14.3	14.3	15.2	15.5	15.6
Tier-1	11.9	12.1	13.3	13.5	13.5

Source: Company, BOBCAPS Research

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